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Outcome of the International Conference on Financing for Development

Report of the Secretary-General**

Summary

The present report responds to paragraph 3 of General Assembly resolution 56/210 A of 21 December 2001, in which the Assembly requested the Secretary-General to report on the outcome of the International Conference on Financing for Development, held in Monterrey, Mexico, from 18 to 22 March 2002. The Conference has been widely regarded as a turning point in the approach to development cooperation by the international community and a new point of reference for policy-making on the interconnections of domestic and international finance, trade and other development issues. Following an overview of the main features of the preparations for the Conference and their contribution to the Conference's success, the report presents highlights of its main outcome document, the Monterrey Consensus. It also provides an account of key issues addressed in the 12 multi-stakeholder round tables convened during the ministerial and summit segments of the Conference. Furthermore, in accordance with paragraph 5 of General Assembly resolution 56/210 B of 9 July 2002, the report outlines an approach to "ensuring effective secretariat support, in pursuance of paragraph 72 of the Monterrey Consensus, building on the innovative and participatory modalities and related coordination arrangements utilized in the preparations of the Conference".

* A/57/150.

** The present report was submitted to the conference services in August 2002, in order to take into account the provisions of General Assembly resolution 56/210 B of 9 July 2002 on the International Conference on Financing for Development as well as the outcome of the substantive session of the Economic and Social Council for 2002.

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I. Background

1. The International Conference on Financing for Development signalled a turning point in the approach to development cooperation by the international community. It was the first United Nations-sponsored summit-level meeting to address, in an integrated way, key financial and related issues pertaining to global development. With more than 50 heads of State or Government and over 200 ministers of foreign affairs, finance, trade, and development cooperation gathered in Monterrey — the largest group of financial and other economic-sector officials ever to participate in a United Nations-sponsored event, the Conference succeeded in placing financing for development on the forefront of the global agenda.

2. Intergovernmental consideration of financing for development issues at the United Nations has, from the initial days of the Ad Hoc Working Group on Financing for Development, been known as the financing for development process. The Monterrey Conference represents both the culmination of that process and a platform for giving renewed, focused attention to these crucial issues in the period ahead.

3. General Assembly resolution 54/196, which established the Preparatory Committee for the Conference, defined the broad mandate for the financing for development process. The resolution set out its main purpose as follows: to address national, international and systemic issues relative to financing for development in a holistic manner in the context of globalization and interdependence and to identify means for ensuring the availability of sufficient financial resources to reach the goals set by major United Nations conferences and summits of the 1990s, in particular with regard to poverty eradication. The adoption of the Millennium Declaration, in September 2000, provided a significant boost to the process and was a key factor in the success of Monterrey.

4. The Preparatory Committee adopted a broad agenda covering six major interrelated themes, each integral to financing for development: mobilizing domestic financial resources for development; mobilizing international resources for development: foreign direct investment and other private flows; international trade as an engine for development; increasing international financial and technical cooperation for development through, inter alia, official development assistance; external debt; and addressing systemic issues: enhancing the coherence and consistency of the international monetary, financial and trading systems in support of development.[1] An integrated approach to these themes has been a key distinguishing element of the financing for development process.

5. The Monterrey Consensus adopted by the International Conference on Financing for Development[2] reflects both the comprehensive agenda and the holistic approach that have characterized the process throughout. Rather than being an end point, the Consensus establishes a platform on which to build a new global alliance for development, encompassing all relevant actors at the global, regional and national levels. Such an alliance is premised on full ownership by developing countries of their development and a renewed commitment on the part of the international community to support the development efforts of developing countries.

6. The early strands of the financing for development process — an open intergovernmental dialogue, a new foundation for engagement of the United Nations with the Bretton Woods institutions and the World Trade Organization (WTO), an effective civil society and business sector dialogue with the intergovernmental community, and an innovative inter-secretariat working environment among the major institutional actors — all effectively converged in Monterrey.

7. The Conference was also able to build on many innovative features that characterized the preparatory process. These included a series of wide ranging informal sessions on each element of the agenda; an innovative use of intergovernmental facilitators; growing informal interactions between government delegates to the United Nations and their colleagues on the executive boards of the World Bank and the International Monetary Fund (IMF) and the councils and committees of WTO; a willingness to agree on broad policy matters and avoid extensive textual negotiations; and a consensus text recommended by the Preparatory Committee at its final session for adoption by the Conference. These innovative approaches to the intergovernmental dialogue were further reinforced in Monterrey where high-level government representatives engaged over three days in an intensive exchange of views in round-table format with all major actors in the financing for development process.

8. The civil society and business sector dialogues also deepened in Monterrey. Both groups hosted a forum in Monterrey open to other stakeholders in the financing for development process. Two additional groups — parliamentarians and local authorities — also hosted special meetings on the implications of the Monterrey Consensus for their respective constituencies. The participation of civil society and business in the process included, in 2000, two days of special "hearings" to enable each group to make its views known to government representatives; the participation of representatives from these groups in formal and informal sessions of the Preparatory Committee and in the round tables and the plenary of the Conference; the opening of an ad hoc process to accredit individual entities and business enterprises to the intergovernmental process; and the participation of members of the Bureau of the Preparatory Committee in briefing sessions with the leadership of the business sector.

9. Secretariat support for the financing for development process equally involved important innovative features, which were highly participatory and geared to maximizing system-wide ownership of the outcome of the process (in this connection see paras. 12-15 below).

10. The innovative feature of the financing for development process complemented long-standing practices within the United Nations system for the preparation of United Nations-sponsored conferences. The regional commissions and the regional development banks developed, individually and collectively, regional perspectives on financing for development; specialized agencies contributed proposals and recommendations on sectoral financing issues; and specialized research institutes hosted high-level seminars and panels on crucial issues for the process. All actors in the process were kept informed of each other's activities through e-mail announcements, the financing for development web site (www.un.org/esa/ffd), publications and periodic briefings by the Secretariat.

II. Proceedings of the Conference

11. Through the Monterrey Consensus, the international community established a new point of reference for policy-making on the interconnections of domestic and international finance, trade and development issues. Beyond the Conference, the Consensus sought to strengthen the capacity of the United Nations to bring all the relevant stakeholders in the international community together to effectively address these issues in the period ahead. At Monterrey, in addition to adopting the Consensus, government leaders and ministers from around the world, heads of the major international financial and trade institutions, business executives and civil society leaders met in informal round tables for an unprecedented exchange of views. Together with the formal statements in plenary meetings and the large number of pre-conference and parallel events, these round tables served not only to deepen mutual understanding from a wide range of perspectives, but also to give rise to new individual or group initiatives and commitments. These are recalled in a report entitled "Follow-up efforts to the International Conference on Financing for Development" (A/57/319) presented by the Secretary-General under this item, pursuant to paragraph 72 of the Monterrey Consensus and General Assembly resolution 56/210 B, by which the Assembly endorsed the Consensus.

A. The Monterrey Consensus

12. The Monterrey Consensus[2] is a document that can be said to be owned by all stakeholders that contributed to its creation: by the Member States of the United Nations in the first instance, many of which were represented in Monterrey by their heads of State or Government, as well as by ministers for foreign affairs, finance, trade and development cooperation; by the World Bank, IMF and WTO, which were not only represented in Monterrey by their executive heads, but which also made a crucial contribution to the preparatory process for the Conference; and by the regional development banks, the United Nations regional commissions and the many other components of the United Nations system and other relevant intergovernmental organizations that participated actively in the process and the Conference itself. In this regard, the Monterrey Consensus represents an unprecedented cross-ministerial and cross-institutional commitment.

13. This commitment takes on special significance, not only because of the parties to it, but also because, as noted above, the financing for development process sought from the start to address national, international

and systemic issues relating to financing for development in a comprehensive manner and in the context of globalization and interdependence. Thanks to the vision of the negotiators of the Consensus, who insisted on the interrelatedness of the six main areas chosen by the Preparatory Committee for the Conference as the substantive focus of its work, it was agreed at the early stages of negotiation that it was indispensable to address the mobilization of resources for development both at the national and international levels. Similarly, it was recognized that addressing essential issues of economic governance at the national level required a comparable effort in regard to global governance. Traditionally domestic issues such as capacity-building, taxation and fighting corruption were found to have inescapable international dimensions that required inter-State cooperation. Equally, some international concerns, including defining a favourable climate for foreign direct investment, were viewed as directly connected to requirements to encourage domestic investment.

14. It is also noteworthy that a number of proposals from non-governmental stakeholders, including civil society organizations and the business sector, were incorporated into the Monterrey Consensus. Governments intentionally sought to cast a wide net for various ideas from all sources that would contribute to the outcome document and to its sustained follow-up.

15. A considerable effort was made in the negotiations to produce a concise consensus text. Although focusing on finance, economic and development policies, the outcome document embraces, as part and parcel of the agreed policy "package", important concerns about social protection, income distribution, employment and gender equality, among other social imperatives. The Consensus does not shy away from explicitly addressing political dimensions of economic problems, calling for participatory and effective approaches to policy-making. Another equally important part of the consensus is the agreement reached on new approaches to ensure a dynamic, participatory and sustained implementation and follow-up.

B. The multi-stakeholder round tables

16. As already indicated, the Monterrey Conference provided for important "quadripartite" exchanges of views on financing for development matters among Governments, institutional stakeholders, civil s and the business community. Twelve multi-stakeh interactive round tables were held within Conference format during both the ministeria summit segments, engaging some 800 partici They included government delegations (48), of from institutional stakeholders (8) and represent of civil society organizations (7) and the bu sector (7). The themes of the eight round table during the ministerial segment were "Partnersh financing development" and "Coherence development". Four summit round tables address theme: Financing for development: looking a Chairpersons' summaries of all round tables included in the report of the Conference.[3]

17. The dialogue at all round tables was ri perspectives and ideas. While the focus wa development and financial issues, concerns su terrorism and the scourge of HIV/AIDS were brought into the picture. Social dimensions critic long-term development received considerable att in many interventions. Several participants put fo proposals or new initiatives. The commitments European Union and the United States of Amer substantially increase their allocations of o development assistance were widely welcom important signals of a reversal in negative trends regard.

18. The freewheeling dialogue in the various tables tended to converge on a set of key issues. I than attempting to summarize the proceedings o round table, highlights of discussions in each round tables are provided below, followed by a r of recurring issues as well as gaps identified in t round tables.

"Partnerships in financing development"

19. The concept of partnerships in the conte national and international efforts to spur develo was extensively discussed. Several ministers reg the Monterrey Consensus as the embodiment of partnership for development: at the national partnerships should be based on shared responsib of the State, the private sector and civil society should involve complementarity in efforts and ro the global level, developed and developing cou should pursue development as a joint responsi Partnerships among countries, develo institutions, the business sector and civil society

seen as crucial for the achievement of greater policy coherence and accelerated development.

"Coherence for development"

20. Participants addressed different dimensions of coherence — national, regional and international — among international institutions, donor and recipient countries, and among objectives and instruments. The importance of coherence among the economic, social and environmental agendas was specially highlighted. Many interventions pointed out that coherence should start "at home", among different national ministries. Member States often spoke in different voices in different organizations, making it difficult for those organizations to respond to requirements in a coherent, mutually reinforcing way. The need for coherent macroeconomic policies by major developed economies, given their crucial impact on the international economic environment, was highlighted in many of the interventions. Stressing the need for greater coherence between trade, financial and development policies, many participants noted that structural reforms and foreign trade liberalization in developing countries had not been accompanied by corresponding measures in industrial countries to open their economies.

"Looking ahead"

21. Many participants noted that, in building up to the Monterrey Conference, the international community had created a new space for dialogue among all relevant stakeholders on financing for development. It was important to capitalize on the momentum generated in Monterrey. The conditions having been set for effectively "staying engaged", all stakeholders had to assume their share of responsibility for translating commitments into action. Governments of both developed and developing countries had to build the public support necessary to translate their collective vision into action. At the international level, the United Nations, in full and active cooperation with the World Bank, IMF and WTO, should establish an effective monitoring system and be at the centre of the follow-up process in a participatory setting where all stakeholders could review and evaluate the effectiveness of their own contributions. To be effective, partnerships among international organizations should be based on a clear division of labour among them, which would make it possible for their comparative advantages to be fully exploited in the implementation process.

Recurrent issues in all round tables

22. **The Monterrey Consensus.** Interventions in virtually all round tables pointed to the Consensus as providing a sound and coherent new approach to development. The Conference, and the process leading to it, managed to involve the international community and a range of critical partners in the first truly holistic debate on how to finance development. The outcome, according to many, was a historical instrument and a turning point in establishing a new global partnership for development.

23. **The Millennium development goals.** Many interventions at the round tables focused on the development goals enshrined in the Millennium Declaration, in particular, the objective of halving world poverty by 2015, reflecting a widespread consensus that the Monterrey Consensus marked an important and substantial step towards achieving these goals. Various speakers stressed that the commitments embodied in the Millennium Declaration imposed fundamental responsibilities on Governments "to invest in people" — including in education, health, basic social infrastructure and social security programmes — all vital for overcoming poverty, but also very productive investments in themselves for economic growth. In this context, it was stressed that an effective implementation of the Consensus, in particular attaining the international targets for official development assistance, were critical means to achieve the goals of the Millennium Declaration.

24. **Implementation**. As indicated above, there was a widespread view at virtually all round tables that an effective implementation of the Monterrey Consensus would make a crucial contribution to spurring worldwide economic growth and eradicating poverty. Nurturing the "spirit of Monterrey" was essential to ensure that the outcome of the Conference would be effectively followed up. No single partner — country or institution — could accomplish alone what was required and each had a particular responsibility in the follow-up effort required. The implementation process also had to be effectively linked with the follow-up to the Millennium Declaration and the outcome of the forthcoming World Summit on Sustainable Development.

25. **Official development assistance policies and practices**. Many participants stressed that a substantial increase in official development assistance, to 0.7 per cent of gross national product, was critical, in particular for the least developed and other low-income countries. Greater efforts were also necessary in both donor and recipient countries to improve the effectiveness of official development assistance. Effective development assistance required that donors and recipients share the same goals, particularly a commitment to poverty eradication and sustainable development. A number of participants emphasized that the quality of official development assistance would be enhanced through: improved coordination of donor policies and conditions; the untying of aid; and improved capacity of recipient countries to use aid effectively. Also, there was a need to harmonize and simplify procedures and cut costs of implementation. Official development assistance, when properly and effectively used, could have a major impact. The need to increase public support for additional flows, with the media as an important partner, was also stressed.

26. **Ownership**. The importance of nationally "owned" policies for sustainable development, including, in particular, in relation to poverty reduction strategies, was strongly emphasized. The inconsistencies that arise from conditionalities imposed by donor countries or institutions and the need for donors to show flexibility were highlighted in many interventions. Enhanced dialogue and consultations between the recipient country and donors, based on the recipient country's own planning framework, were seen as essential to maximize the effectiveness of cooperation policies and the impact of development assistance.

27. **Participation, transparency and accountability**. These three principles permeated discussions in virtually all round tables. At the national level, policy formulation and the design of development programmes, particularly social programmes, should take place through an appropriate consultation process, including citizens directly or through their representatives, local authorities and civil society organizations. The social dialogue should effectively involve all sectors of the economy, including the rural sector. At the international level, to attain a more equitable system of governance, it was necessary to enhance the participation of developing countries in international economic policy-making and to strengthen the effectiveness of their participation in international financial institutions.

28. **Transparency**. It was agreed upon that transparency was critical in the operations of both public institutions and private corporations and in the collaboration between public and private sectors at the national level. While some multinational corporations were making their operations in emerging markets more transparent, further progress was needed on that score. Transparency was equally critical in devising policies and initiatives at the international level. The process leading to Monterrey, based on partnerships and dialogue and a wide sharing of information among all development partners and stakeholders, had contributed to mutual trust and consensus building. The need to increase transparency, particularly in relation to financial flows and capital markets, was widely stressed.

29. **Mutual accountability**. Key to the effective and broad-based implementation of the Monterrey Consensus was the principle of mutual accountability. Turning this principle into concrete practice at the international as well as the national levels was a major challenge both for Governments and institutions. Many emphasized the mutual accountability of donors and recipients of aid. Recipients of aid should be accountable to both their citizens and donors in terms of commitment to sound governance and policies. Donors should also be accountable, including in relation to the volume, quality and effectiveness of aid. Likewise, collaboration between the public and private sectors should be performance-oriented and accompanied by mutual accountability.

30. **Private sector investments and the domestic environment**. Participants stressed that for private investment to play its role in development, an enabling environment was essential. Well-established property rights, as well as sound macroeconomic and structural policies, were seen as indispensable for private investments. In the case of investment incentives, careful design was critical: official guarantees of foreign investment should be the exception and not the rule. It was most important that foreign direct investment should create appropriate links with domestic firms to help energize the economy. Official development assistance could play an important catalytic role in fostering private investments by, inter alia, supporting the development of necessary infrastructures. Encouraging private investment was

particularly important in Africa, where the level of both private domestic investments and foreign direct investments was low. The need to create conditions to support and sustain entrepreneurship, particularly in small and medium-size enterprises, including farms, was also emphasized.

31. **Enabling international environment**. The Monterrey Consensus and its implementation were seen as resting on two essential pillars: domestic efforts, including necessary reforms; and international efforts to foster a more equitable and development-supportive international environment. The latter required important change or reforms in trade policies, the international financial architecture and international economic cooperation policies. It was crucial in this regard that the ministerial agreement reached at the Doha summit of WTO should result in a truly "development round"; that ongoing reforms and those advocated in the Consensus lead to a more stable and supportive international financial architecture; that resource flows to developing countries be enhanced; and that the policies of countries that significantly impact the world economy be appropriate and just. Combating corruption also had important international dimensions and required increased cooperation between developed and developing countries at various levels.

32. **Market access and subsidies**. Participants underscored the major potential contribution of trade to development and poverty reduction in developing countries. Liberalization was being pursued in many developing countries but trade barriers in developed countries, particularly in agriculture and textiles, remained, and had to be lifted. Many discussants stressed the huge cost that agricultural subsidies, which were every year far greater than disbursements of official development assistance, imposed on developing countries. A major effort was required by developed countries to liberalize trade in agriculture and to reduce subsidies. The promises of the Doha Ministerial Declaration for meaningful trade liberalization in support of development had to be fulfilled. Capacity constraints could, however, be an obstacle preventing many developing countries from reaping the benefits of more accessible markets. In addition, developing countries needed to build capacity to enhance their participation in trade negotiation processes.

33. **Capacity-building**. Several interventions focused on the key role of capacity-building. Official development assistance grants had to prioritize capacity-building to upgrade institutional and managerial capabilities, improve effective access to new technologies and enhance policy formulation and preparations for international negotiations, on trade in particular. Many developing countries needed assistance in building their capacity to determine their own viable development programmes. This would not only enhance ownership but also upgrade the absorptive capacity of the recipient country. Since the State had become less a direct producer and more an enabler of economic activities, Governments needed a stronger institutional supervisory and regulatory capacity, which, in the financial sector, was critical for the development of an effective financial system and for reducing the probability of crises. Technical assistance in this field remained a priority.

34. **The sustainability of external debt**. Several speakers stressed the need for additional measures to address the external debt problem of many developing countries. Debt overhang was viewed as a constraint in achieving the Millennium development goals in a large number of countries, particularly the least developed countries. Reduced debt service was seen as crucial to the ability of those countries to allocate additional resources to anti-poverty purposes, such as health and education. A persistent effort to pursue debt relief for countries facing unsustainable debt burdens was thus advocated. In the past five years, the international community had witnessed a series of significant initiatives to relieve the external debt burden, especially of the highly indebted poor countries. It was noted, however, that more was needed and that criteria needed to be interpreted more flexibly in regard to what constitutes debt sustainability since countries continue to suffer unexpected external shocks, such as the recent sharp fall in commodity prices and slow growth in the world economy. In the view of some participants, the United Nations and the Bretton Woods institutions should explore new approaches to debt relief and revise the criteria for debt sustainability. There were also calls for developing proposals for new sovereign debt workout or restructuring mechanisms.

35. **Regional approaches and the New Partnership for Africa's Development**. The important contributions that regional consultative mechanisms could make to improved global governance was widely

stressed. Democratic global governance could be strengthened by making greater use of regional groupings of countries as intermediate forums to develop proposals and build consensus among Governments on key issues. The New Partnership for Africa's Development (NEPAD) should be embraced by the international community as the new strategy for reviving development in the continent. It was also important to fill the gap between external financing levels and the needs highlighted in the new strategy; while NEPAD was a home-grown initiative, there was recognition that African countries would need sustained assistance in the implementation process.

36. **Gaps**. Several speakers in various round tables expressed the view that, while the Monterrey Consensus was a very important achievement, deficiencies remained in a number of substantive areas.[4] For example, some participants stressed that insufficient attention had been paid to social issues, such as gender mainstreaming. They felt that the Monterrey Consensus should have been more explicit in addressing the social agenda and the financing of social programmes, particularly in the rural sector. The view was also expressed that important issues such as global public goods and their financing, via, inter alia, possible new forms of taxation, were not part of the Consensus. Similarly, the concern was voiced that the Consensus had not gone far enough on the general issue of innovative sources of financing, including ideas for new uses of special drawing rights, and fell short of explicitly considering proposals on these subjects that had already been discussed during the preparatory process. On the debt issue, some discussants felt that, rather than reiterating present policies, a call for full external debt cancellation for low-income countries was necessary. In addition, some participants considered that the Conference had not gone far enough in addressing more general or political aspects of the widening gap between rich and poor countries head-on, particularly in the present context of rapid, market-driven globalization.

37. A number of speakers noted that some commitments had no time frame, which could weaken the implementation of the Consensus. In the institutional domain, the arrangements necessary for effective dialogue, collaborative policy-making and implementation in some key areas (such as international cooperation on tax matters) had not been clearly identified. A number of participants noted that there was a basic gap in global economic govern and that an appropriate and effective "global econ forum" was lacking. According to some, establishment of an "Economic Security Cou would be a critical step in filling this gap. Others that the strengthening of existing organs, particu the Economic and Social Council of the U Nations, already endowed with relevant powers by Charter, was the most realistic and effective wa proceed.

III. Follow-up modalities and arrangements

38. The Monterrey Consensus embodies what rightfully be called a "global response" to challenges of financing for development. The hea State and Government and other high-l representatives in Monterrey expressed their resolv address these challenges and recognized that achie the internationally agreed development goals, inclu those contained in the Millennium Declarat demands a new partnership between developed developing countries. As indicated earlier, in buil up to the Conference and at Monterrey, international community created a new political s for dialogue among all relevant stakeholders financing for development, which needs to be pur and further intensified in the period ahead. In perspective, the Conference should be seen as a beginning — rather than the end — of the process. thus important to capitalize on the momen generated in Monterrey and set the conditions effectively "Staying engaged", the title chosen for last section of the Consensus.

39. "Staying engaged", as spelled out in Monterrey Consensus, implies a major commitmen all relevant actors.[5] An effective implementation of Consensus and translation of its provisions concrete actions will require mutually reinfor national and international efforts. The United Nat has been assigned a leading role in the follow process. As the Consensus itself indicates, this implications both for the required intergovernme mechanisms and for the secretariat support struct needed to support them.

A. Strengthening the intergovernmental mechanisms

40. The "Staying engaged" section of the Monterrey Consensus envisages a multifaceted approach to follow-up at the intergovernmental level. Specifically, the Conference agreed to strengthen and make fuller use of the General Assembly and the Economic and Social Council, as well as the relevant intergovernmental/governing bodies of other institutional stakeholders, for the purposes of conference follow-up and coordination.[6]

41. As referred in the report on follow-up efforts to the International Conference on Financing for Development (A/57/319), a number of initiatives were taken after March 2002 in various intergovernmental forums to follow up the Conference outcome. On 22 April, the special high-level meeting of the Economic and Social Council with the Bretton Woods institutions since Monterrey included, for the first time, the participation of WTO as well as representatives of non-governmental organizations and the business sector. The meeting focused on the theme, "Dialogue on the outcome of the International Conference on Financing for Development". The President of the Council pointed out, in his summary of the meeting (E/2002/67), that a clear message had emerged, indicating that, in future, such meetings should have a substantive focus on the implementation of the Monterrey Consensus. The summary also identified a number of proposals put forward by individual participants regarding the operationalization of the "Staying engaged" section of the Monterrey Consensus, including as it relates to the interactions between representatives of the Council, the World Bank, IMF and WTO.

42. In this regard, at its 2002 substantive session, the Economic and Social Council devoted special attention to the topic, adopting, on 26 July 2002, resolution 2002/34, which added further guidance on these matters. The resolution confirmed a strong commitment to ensuring proper follow-up to the implementation of agreements made at the Conference and to continuing to build bridges between development, finance, and trade organizations and initiatives, and also recognized that the main challenge ahead is to translate the spirit of the Monterrey Consensus into a pragmatic programme of implementation. The importance of, inter alia, drawing on the positive features and lessons learned from the different phases of the financing for development process and to adapt them to the stages ahead was also reiterated.

43. The need for effective preparation for intergovernmental deliberations related to the follow-up and implementation of the Monterrey Consensus is a central focus of Economic and Social Council resolution 2002/34. Referring to the spring meetings of the Council with the Bretton Woods institutions and WTO, the resolution affirmed the commitment to address, in addition to matters of common interest, the issues of coherence, coordination and cooperation related to the follow-up to the conference and called for a well-prepared and focused agenda for a meeting geared to advancing implementation, as well as examining further steps to be taken by each of the stakeholders to move the Monterrey process forward. An early determination of the specific themes to be included in the agenda of these spring encounters will be key to ensuring a successful process of preparation, including of the documentation referred to in subparagraph 4 (c) of the resolution. Specific substantive themes, which should reflect the holistic approach of the financing for development process, should be defined as far ahead as possible, to facilitate productive interactions between the institutional stakeholders in all aspects of the preparatory work.

44. These concerns apply in a similar way to the biennial General Assembly high-level dialogue on strengthening international economic cooperation through partnership, which is also referred to in Economic and Social Council resolution 2002/34, and on which a separate report is to be presented to the Assembly, based on comments and suggestions received from Member States on the subject (A/57/388). As suggested in that report, timely agreement on the format of the dialogues is very important. A related concern is how the outcome of future meetings could be made more effective and result-oriented.

B. Ensuring effective secretariat support

45. In paragraph 72 of the Monterrey Consensus, the Secretary-General of the United Nations was requested "to provide — with collaboration from the secretariats of the major institutional stakeholders concerned, fully utilizing the United Nations System Chief Executives

Board for Coordination mechanism — sustained follow-up within the United Nations system to the agreements and commitments reached at the present Conference and to ensure effective secretariat support. That support will build on the innovative and participatory modalities and related coordination arrangements utilized in the preparation of the Conference." In its resolution 56/210 B of 9 July 2002, the General Assembly endorsed the Monterrey Consensus and requested the Secretary-General to include in the present report "measures taken as well as his proposals for ensuring effective secretariat support, in pursuance of paragraph 72 of the Monterrey Consensus".

46. Indeed, in the preparatory stages of the Conference, the arrangements made in the Department of Economic and Social Affairs for secretariat support, through the financing for development coordinating secretariat, were geared to maximize participation and the pooling of resources not only from all relevant parts of the Department but also from other entities of the Organization and concerned agencies, most notably the Bretton Woods institutions, but also WTO and the sectoral agencies. Thus, in addition to staff assignments from within the Department and the secondment of staff at different stages of the preparatory process from the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP), the World Bank and IMF, innovative modalities were followed for inter-secretariat cooperation, including the designation of "task managers"; an extensive use of timebound working groups charged with jointly analysing different substantive issues coming within the purview of the Conference; and continuous networking among experts both within and outside the United Nations system.

47. These innovative modalities of inter-agency collaboration greatly enriched the substantive report of the Secretary-Ceneral to the Preparatory Committee for the Conference (A/AC.257/12) and characterized all subsequent stages of the preparatory process. They culminated, during the Conference itself, with the participation of the heads of the Bretton Woods institutions, WTO, the regional commissions and the regional development banks as co-chairs of the ministerial level and summit level round tables, and the active contribution of senior staff from global and regional entities to the actual proceedings of the Conference.

48. In line with the relevant provisions of the Consensus, it is intended that secretariat arrangements in the Department of Economic and Social Affairs to support the follow-up to the Conference will draw on this experience; will be patterned after similar modalities as were followed during the preparatory stages; and will involve broad interagency participation and close inter-agency collaboration. The relevant secretariat would be centrally located within the Department of Economic and Social Affairs in order to maximize opportunities for interaction and collaboration within the Department and with other agencies and programmes. It would comprise a small core staff, building on capacities within the Department to address the finance/development nexus, complemented by agency secondments and utilizing modalities for continuous inter-agency collaboration, including those available through the Chief Executives Board mechanism. A thematic "horizontal" approach to secretariat support, rather than the creation of an additional "vertical" structure, would not only be in line with the provisions of the Consensus concerning secretariat support, but would also best reflect the holistic agenda of the Conference and best serve to advance its holistic outcome. It would also be consistent with the cross-sectoral approaches that are guiding the Secretary-General's current review on strengthening the Organization and the emphasis placed in recent and current deliberations in the General Assembly and the Economic and Social Council on the coordinated and integrated follow-up to Conferences. Secretariat support should be geared to advancing such integrated follow-up, while at the same time advancing the financing for development process as an important process in its own right. While focusing on supporting a sustained follow-up to the Monterrey Consensus within the United Nations system and in the international community at large, the objective should be to help "build bridges", in the words of Economic and Social Council resolution 2002/34, "between development, finance and trade organizations and initiatives", and to help ensure that the follow-up to the process is pursued as an integral part of the process of ensuring the availability of financial resources to attain agreed development goals, in particular those enshrined in the Millennium Declaration.

49. Specific tasks to be performed by the secretariat would include:

(a) Serving as a focal point for overall financing for development follow-up and monitoring of the implementation of the Monterrey Consensus, including the required collaboration and interactions with the major institutional stakeholders, the regional commissions and development banks, as well as with other relevant bodies;

(b) Assisting in monitoring the implementation of finance-related aspects of the outcomes of major United Nations conferences and summits, in particular the Millennium Declaration, and promoting the necessary links among them around the finance/development nexus;

(c) Coordinating substantive secretariat support to the intergovernmental processes entrusted with the financing for development follow-up, including (i) the spring high-level meeting of the Economic and Social Council with the Bretton Woods institutions and WTO and (ii) the biennial General Assembly high-level dialogue on strengthening international cooperation for development through partnership. This would include the responsibility for putting together any corresponding multi-stakeholder reports and other documents;

(d) Supporting, facilitating and keeping under review the follow-up activities of non-institutional stakeholders involved in the financing for development process (civil society and the business sector), as well as other economic and development cooperation-related United Nations processes and activities;

(e) Following closely and, as appropriate, contributing to ongoing discussions, policies and activities related to international economic, financial and development cooperation, in both United Nations and non-United Nations forums;

(f) Keeping under review and supporting, as appropriate, actions at the national, subregional and regional levels related to conference follow-up and commitments made at the Monterrey Conferences, as well as international financial and economic cooperation in general;

(g) Forging continued "multi-ministerial" (foreign affairs, development, finance, trade) engagement and cooperation with the United Nations, including the promotion of capacity-building and technical assistance on financing for development-related issues.

50. The ways of translating these approaches to the provision of secretariat support to follow-up to the Monterrey Conference into specific organizational arrangements are currently under review as part of the broader reform initiatives being considered by the Secretary-General with a view to strengthening the Organization, and will be presented to the General Assembly in that context.

IV. Recommendation

51. **The General Assembly may wish to provide further guidance to ensure an effective and sustained follow-up to the International Conference on Financing for Development, with regard to both the intergovernmental process and secretariat support, in the light of the approaches outlined in the present report.**

Notes

[1] *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 28* (A/55/28), para. 44, containing decision 1/1, annex.

[2] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[3] Ibid., chap. V, sect. C.

[4] Some speakers also raised issues regarding the format of the round tables themselves. They felt that changes would be desirable in any future exercises of this type. At some round tables, they felt, interaction among participants had been achieved only partially. Some members of the round tables had prepared statements that, albeit brief, tended to stifle a more dynamic exchange. Important ideas, new initiatives and concrete proposals put forward by some participants sometimes did not find an echo — either for or against — by others present in the room. It was also considered that the large number of participants in each round table had, at times, left little time for a fluid dialogue.

[5] In his statement at the opening session of the Conference in Monterrey, the Secretary-General underscored the importance of implementation and staying engaged, as follows: "The Monterrey Consensus is not a weak document, as some have claimed. It will be weak if we fail to implement it. But if we live up to the promises it contains, and continue working together, it can mark a real turning point in the lives of poor people all over the world".

[6] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex, para. 69.